

## COUNTY OF LOS ANGELES

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### DEPARTMENT OF MENTAL HEALTH

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May 13, 2009

TO: Each Supervisor

FROM: Marvin J. Southard, D.S.W.  
Director of Mental Health

SUBJECT: **ADVANCE NOTIFICATION OF INTENT TO ENTER INTO SOLE SOURCE CONTRACT WITH VALUEOPTIONS, INC.**

This memo is to comply with the Board of Supervisors' September 1999 letter regarding contracting policy requirements for sole source contracts. It is the Los Angeles County Department of Mental Health's (DMH) intent to renew its sole source contract with VALUEOPTIONS, INC. (ValueOptions), a privately managed care corporation with its main headquarters located at 240 Corporate Boulevard, Norfolk, Virginia 23502, an administration service center in Colorado Springs, Colorado, and a local administration office in Long Beach, California. ValueOptions coordinates and manages outpatient specialty mental health services rendered by providers in the Administrative Services Organization (ASO) network to full-scope Medi-Cal eligible out-of-county children and youth, ages 0 through 18. There are 32 California counties contracting with ValueOptions for the ASO services.

DMH proposes to renew its sole source contract with ValueOptions due to the fact that ValueOptions has been consistently providing timely and accessible mental health services to Los Angeles County's foster care Katie A. certified class members placed by the Court with their relatives residing outside of Los Angeles County and who are entitled to timely and appropriate mental health services as specified in the Katie A. Settlement Agreement. Therefore, renewing the ASO contract with ValueOptions will allow ValueOptions to continue without disruption of services, its role in coordinating and managing the provision of mental health services to Medi-Cal eligible children and youth who are the responsibility of the Los Angeles County but have been placed by the Court with relatives who reside outside of Los Angeles County.

In 1998 the California Mental Health Directors Association (CMHDA) awarded an ASO contract to ValueOptions, Inc. through the appropriate bidding process to coordinate and manage the provision of mental health services, as described above, throughout California. CMHDA continued this contractual agreement until fiscal year (FY) 2004-05 when it unexpectedly notified County mental health directors of its intent to discontinue the management of the ASO effective June 30, 2004, and each county was required to contract with ValueOptions separately.

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On June 15, 2004, your Board approved a sole source contract for FY 2004-05 with four optional one-year renewal periods. Both then and now ValueOptions is uniquely qualified to serve an estimated 1,200 Los Angeles County foster care children and youth residing outside of Los Angeles County.

Unless otherwise instructed by a Board office, DMH will proceed with negotiating a sole source contract renewal within two weeks. DMH will work closely with both the Office of the County Counsel and the Chief Executive Office in preparing a renewal agreement with ValueOptions.

MJS:OC:PM:nr

c: Health Deputies  
Chief Executive Officer  
Executive Officer, Board of Supervisors  
County Counsel  
Robin Kay, Ph.D., DMH